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RECORDING REQUESTED BY,

THIS INSTRUMENT PREPARED BY AND

WHEN RECORDED MAIL TO:  
O'Melveny & Myers  
610 Newport Center Drive  
Suite 1700  
Newport Beach, California 92660  
Attn: Lorie Soares Griffen, Esq.

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STATE OF INDIANA  
INDIANA DIVISION

CHICAGO TITLE INSURANCE COMPANY

**MORTGAGE, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT, FINANCING STATEMENT  
AND FIXTURE FILING  
(Merrillville, Indiana)**

THIS MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING (Merrillville, Indiana) (this "Instrument") dated as of ~~February 6~~, 1992, from EL TORITO RESTAURANTS, INC., a Delaware corporation, successor by merger to El Torito Restaurants, Inc., a California corporation ("Debtor"), whose address is 1 Park Plaza, Jamboree Center, Suite 900, Irvine, California 92714; to W.R. GRACE & CO.-CONN, a Connecticut corporation. This Document is the property of the Lake County Recorder!

PORTIONS OF THE COLLATERAL ARE GOODS WHICH ARE OR ARE TO BECOME AFFIXED TO OR FIXTURES ON THE LAND DESCRIBED IN OR REFERRED TO IN EXHIBIT A HERETO. THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD OR RECORDED, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS OF EACH COUNTY (OR, TO THE EXTENT SIMILAR RECORDS ARE MAINTAINED AT THE CITY OR TOWN LEVEL INSTEAD OF THE COUNTY LEVEL, EACH SUCH CITY OR TOWN) IN WHICH SAID LAND OR ANY PORTION THEREOF IS LOCATED. DEBTOR IS THE OWNER OF RECORD INTEREST IN THE REAL ESTATE CONCERNED. THIS INSTRUMENT IS ALSO TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS.

All of the property described under 1 through 11 below is herein collectively called the "collateral:"

1. That certain real property more particularly described in Exhibit A attached hereto and by this reference incorporated herein (the "Fee Land"), together with all right title and interest of Debtor in and to the leasehold estate created pursuant to the lease or leases more particularly described in Exhibit B attached hereto and by this reference incorporated herein (such lease or leases, if there is more than one, together with any amendments, modifications, extensions, renewals or substitutions therefor are referred to herein collectively as the "Parking Leases"), affecting that certain real property more particularly described therein (the "Leased Land") (the Fee Land and the Leased Land being sometimes hereinafter collectively referred to as the "Land");

2. Any and all buildings, constructions and improvements now or hereafter erected in or on the Land and, as to the Leased Land, owned by Debtor, including, but not limited to, the fixtures, and those attachments, appliances, equipment, machinery, and other articles which are attached to said buildings, constructions and improvements (the "Improvements"; the Improvements and the Land are collectively referred to herein as the "Premises"), all of which located on the Fee Land or located on the Leased Land and owned by Debtor shall be deemed and construed to be a part of the realty;

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3. All right, title and interest of Debtor in and to all of the items incorporated as part of or affixed to any of the Premises or other real property included in the Collateral or any other interest of Debtor, whether now owned or hereafter acquired, in, to or relating to the Premises or such other real property, in such a manner that such items are no longer personal property under the law of the state where the property is situated;

4. All personal property (other than supplies, tableware, silverware and inventory), including, without limitation, all equipment, tools, furniture, fixtures, machinery and construction materials which Debtor now or hereafter owns or in which Debtor now or hereafter acquires an interest or right and which are now or hereafter located on or affixed to the Premises or used or useful in the operation, use or occupancy thereof or the construction of any improvements thereon, including, without limitation, any interest of Debtor in and to personal property which is leased or subject to any superior security interest and including, without limitation, all racking and shelving systems, all heating, lighting, plumbing, ventilating, air conditioning, refrigerating, incinerating and/or compacting plants, systems, fixtures and equipment, elevators, escalators, stoves, ranges, vacuum, window washing and other cleaning and building service systems, call systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, machinery, pipes, ducts, conduits, dynamos, engines, compressors, generators, boilers, stokers, furnaces, pumps, tanks, appliances and garbage and pest control systems;

5. All rents, issues, profits, royalties, income and other benefits (collectively, the "Rents") derived from the Premises or the Improvements or any other portion of the Collateral or from any leases, subleases or licenses of, or any concessions, franchises or similar agreements with respect to, the Collateral, whether now or hereafter existing (which together with any amendments, modifications, extensions, renewals or substitutions thereto or therefor are collectively referred to as the "Leases (Debtor Lessor)"), subject to the rights, powers and authorities hereinafter given to Secured Party and Debtor as set forth in Article III hereof;

6. All rights, titles, interests, estates or other claims, both in law and in equity, which Debtor now has or may hereafter acquire in the Premises or in and to any greater estate in the Premises;

7. All easements, rights-of-way and rights now owned or hereafter acquired by Debtor used in connection with the foregoing described Collateral or as a means of access thereto, including, without limiting the generality of the foregoing, all rights pursuant to any trackage agreement and all rights to the non-exclusive use of common drive entries, and all tenements, hereditaments and appurtenances thereof and thereto, and all water and water rights and shares of stock evidencing the same;

8. All other leasehold estates, rights, titles and interests of Debtor in and to all leases, subleases, licenses, concessions, franchises or similar agreements (which, together with any amendments, modifications, extensions, renewals or substitutions are included within the definition of "Parking Leases") covering the Premises, or any portion thereof, now or hereafter existing or entered into, and all right, title and interest of Debtor thereunder, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature;

9. All right, title and interest now owned or hereafter acquired by Debtor in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Premises, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Premises;

10. All rights and interests of Debtor in, to and under all plans, specifications, maps, surveys, studies, reports, permits, licenses, architectural, engineering and construction contracts, and other documents, of whatever kind or character, whether now or hereafter existing, relating to use, construction upon, occupancy, leasing, sale or operation of the Premises; and

11. All of the estate, interest, right, title, other claim or demand, both in law and in equity, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Debtor now has or may hereafter acquire in the Premises or other portions of the Collateral, and other proceeds from sale or disposition of the Collateral which Debtor now has or may hereafter acquire and any and all awards made for any damages relating to the Collateral or for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Collateral, including, without limitation, any award resulting from a change of grade of streets and any award for severance damages.

**NOT OFFICIAL!**

IN CONSIDERATION of the sum of ten dollars (\$10.00) in hand paid by Secured Party to Debtor, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby irrevocably

A. grants, bargains, sells, assigns, transfers, mortgages and warrants and conveys those portions of the Collateral that constitute real property under the laws of the State wherein located (the "RP Collateral") to Secured Party WITH POWER OF SALE, pursuant to this Instrument and applicable law, but subject to the rights of Secured Party under the assignment made in paragraph C below, TO HAVE AND TO HOLD the RP Collateral, to Secured Party and its successors and assigns forever, subject to all of the terms, conditions, covenants and agreements herein set forth, for the security and benefit of Secured Party and its respective successors and assigns as holders of the Secured Instrument (as hereinafter defined) or of any other obligations (as hereinafter defined); and

B. grants a security interest to Secured Party in those portions of the Collateral that either are fixtures or are not RP Collateral (collectively, the "UCC Collateral"), but subject to the rights of Secured Party under the assignment made in paragraph C below; and

C. assigns and transfers to Secured Party all of the Rents and other benefits derived from any Leases (Debtor Lessor), whether now existing or hereafter created.

IN FURTHERANCE OF THE FOREGOING GRANTS (INCLUDING GRANTS OF SECURITY INTERESTS), BARGAINS, SALES, ASSIGNMENTS, TRANSFERS, MORTGAGES AND CONVEYANCES, AND TO PROTECT THE PREMISES AND THE SECURITY GRANTED BY THIS INSTRUMENT, DEBTOR HEREBY WARRANTS, REPRESENTS, COVENANTS AND AGREES AS FOLLOWS:

**ARTICLE I**

**OBLIGATIONS**

**Section 1.01. Obligations.** This Instrument is executed, acknowledged and delivered by Debtor to secure and enforce the following obligations (herein called the "obligations"):

(a) Payment of and performance of all obligations of Debtor under that certain Guaranty of even date herewith, executed by Debtor, as guarantor, in favor of Secured Party, as holder, as Debtor's obligations as guarantor are set forth therein (such guaranty by Debtor and any and all amendments, modifications, extensions, renewals or replacements thereof, are collectively referred to herein as the "Guaranty");

(b) Payment of and performance of all obligations of Debtor under, with respect to, and arising in connection with this Instrument including, without limitation, all obligations to Secured Party for fees, costs and expenses (including attorney's fees) as provided herein;

(c) Payment of all obligations of Debtor to Secured Party for fees, costs and expenses (including attorneys' fees) arising under, pursuant to or in connection with any of the Obligation Documents (as hereinafter defined);

(d) Payment of all sums advanced by Secured Party to protect the collateral with interest thereon at a rate equal to the "prime rate" as announced by The Chase Manhattan Bank, N.A., plus two percent (2%) per annum (the "Agreed Rate");

(e) Payment of all sums advanced and costs and expenses incurred by Secured Party in connection with the Obligations or any part thereof, any renewal, extension or change of or substitution for the Obligations or any part thereof, or the acquisition or perfection of the security therefor, whether such advances, costs and expenses were made or incurred at the request of Debtor or Secured Party;

(f) Payment of all other sums, with interest thereon, which may hereafter be loaned to Debtor, or its successors or assigns, by Secured Party, or its successors or assigns, when evidenced by an instrument reciting that said note or notes are secured by this Instrument;

(g) Performance of every obligation, covenant and agreement of Debtor contained in any agreement now or hereafter executed by Debtor which recites that the obligations thereunder are secured by this Instrument;

(h) All renewals, extensions, amendments and changes of, or substitutions or replacements for, all or any part of the items described under (a) through (g) above; and

(i) Any judgment rendered by any court of the State of Indiana, any other state of the United States of America or any federal court of the United States of America in connection with the payment and performance of the Obligations described in clauses (a) through (h) above.

**Section 1.02. Obligation Documents.** The Guaranty is sometimes referred to herein as the "Secured Instrument". This Instrument, the Secured Instrument, that certain letter agreement of even date herewith by and among Secured Party and The Restaurant Enterprises Group, Inc., a Delaware corporation ("REG") (such agreement and any and all amendments, modifications, extensions, renewals or replacements thereof,

are collectively referred to herein as the "Facility Agreement"), the Facility Documents (as defined in the Facility Agreement), and any other deed of trust, mortgage, or deed to secure debt given to evidence, secure or facilitate the payment and performance of any of the Obligations may hereinafter be collectively referred to as the "Obligation Documents". The Secured Instrument is hereby incorporated herein and made a part hereof.

## ARTICLE II COVENANTS AND AGREEMENTS OF DEBTOR

**Section 2.01. Payment of Secured Obligations.** Debtor shall pay when due the principal of, and the interest on, the indebtedness evidenced by the Secured Instrument; all charges, fees and other sums to be paid by Debtor as provided in the Obligation Documents; the principal of and interest on any future advances secured by this Instrument; and the principal of and interest on any other indebtedness secured by this Instrument.

**Section 2.02. Maintenance, Repair, Alterations.** Debtor (i) shall keep the Collateral in good condition and repair; (ii) shall not remove, demolish or structurally alter any of the Improvements except upon the prior written consent of Secured Party, which consent will not be unreasonably withheld; (iii) shall complete promptly and in a good and workmanlike manner any Improvements which may be now or hereafter constructed on the Premises and promptly restore in like manner any portion of the Improvements which may be damaged or destroyed thereon from any cause whatsoever, and pay when due all the Labor performed and materials furnished therefor; (iv) shall comply with all laws, statutes, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Collateral or any part thereof or requiring any alterations or improvements; (v) shall not commit, or permit, any waste or deterioration of the Collateral; (vi) shall comply with the provision of any lease, if this Instrument is on a leasehold; and (vii) shall not commit, suffer or permit any act to be done in or upon the Collateral in violation of any law, ordinance or regulation.

**Section 2.03. Required Insurance.** Debtor shall at all times provide, maintain, and keep in full force, or cause to be provided, maintained or kept in full force, at no expense to Secured Party, policies of insurance for the Premises in form and amounts, and issued by companies, associations or organizations reasonably satisfactory to Secured Party, covering such casualties, risks, perils, liabilities and other hazards as Secured Party reasonably requires excluding earthquakes. In the event that the area in which the Land is located is designated as "flood prone" or a "flood risk area," as defined by the Flood Disaster Protection Act of 1973 (42 U.S.C. §4121), then Debtor shall also maintain flood insurance in an amount to be reasonably determined by Secured Party and shall comply with all additional requirements of the National Flood Insurance Program as set forth therein. All such policies of insurance required by the terms of this Instrument shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Debtor or any party holding under Debtor which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of setoff, counterclaim or deductions against Debtor.

**Section 2.04. Delivery of Policies, Payment of Premiums.**

(a) At Secured Party's request, each policy of insurance (other than public liability or workers' compensation insurance) shall have attached thereto a lender's loss payable endorsement for the benefit of Secured Party in form reasonably satisfactory to Secured Party and each policy of insurance (other than workers' compensation insurance) shall name Secured Party as an additional insured. Within thirty (30) days after the date of this Instrument and thereafter upon the request of Secured Party, Debtor shall furnish Secured Party with a certificate of insurance for each required policy setting forth the coverage, the limits of liability, the name of the carrier, the policy number and the period of coverage. If Secured Party consents, which consent shall not be unreasonably withheld, Debtor may provide any of the required insurance through blanket policies carried by Debtor and covering more than one location, or by policies procured by a tenant or other party holding under Debtor, provided, however, all such policies shall be in form and substance and issued by companies reasonably satisfactory to Secured Party. At least thirty (30) days prior to the expiration of each required policy, Debtor shall deliver to Secured Party evidence reasonably satisfactory to Secured Party of the payment of premium and the renewal or replacement of such policy continuing insurance in form as required by this Instrument. All such policies shall contain a provision that, notwithstanding any contrary agreement between Debtor and insurance company, such policies will not be cancelled, allowed to lapse without renewal, surrendered or materially amended, which term shall include any deduction in the scope or limits of coverage, without at least thirty (30) days' prior written notice to Secured Party.

(b) In the event Debtor fails to provide to, maintain, keep in force or deliver, or cause to be provided to, maintained, kept in force or delivered to, Secured Party the policies of insurance required by this Instrument or by any Obligation Document, Secured Party may (but shall have no obligation to) procure such insurance or single-interest insurance for such risks covering Secured Party's interest, and Debtor will pay all premiums thereon promptly upon demand by Secured Party and until such payment is made by Debtor to Secured Party, the amount of all such premiums shall bear interest at the Agreed Rate.

**Section 2.05. Casualties; Insurance Proceeds.** After the happening of any casualty to or in connection with the Collateral or any part thereof, whether or not such casualty is covered by insurance, Debtor shall give prompt written notice thereof to Secured Party. In the event of such casualty, the gross proceeds of insurance shall be payable to Debtor if such proceeds do not exceed the amount of One Hundred Thousand Dollars (\$100,000) and provided that no Event of Default (as hereinafter defined) or event which but for the giving of notice and/or the passage of time would constitute an Event of Default (a "Potential Default") then exists. If such proceeds exceed the amount of One Hundred Thousand Dollars (\$100,000) or if an Event of Default or Potential Default then exists, the proceeds shall be deposited into an account with a third party reasonably acceptable to Debtor and Secured Party (the "Escrow Account"). Unless an Event of Default or Potential Default then exists, Debtor shall be authorized and empowered to settle, adjust or compromise any and all claims for loss, damage or destruction under any policy or policies of insurance. Upon the occurrence and during the continuation of an Event of Default or Potential Default, Secured Party is hereby authorized and empowered by Debtor to settle, adjust or compromise any and all claims for

loss, damage or destruction under any policy or policies of insurance with or without the consent of Debtor; provided, however, Secured Party shall use reasonable efforts to allow Debtor to participate in any negotiations, discussions or proceedings relating to any such settlement, adjustment or compromise. Any loss proceeds payable to Debtor in connection with such damage or destruction shall, subject to Secured Party's reasonable approval of such restoration and a budget of the costs thereof, be applied to restoration of the Premises or Improvements. Proceeds deposited into the Escrow Account shall be applied to the restoration of the Premises or Improvements and may be withdrawn by Debtor from the Escrow Account on a monthly basis in an amount not to exceed the costs and expenses for such restoration during the upcoming month; provided that Secured Party shall have received and reasonably approved the final plans and specifications for the restoration and the budget of all costs for the proposed restoration of the Premises or portion thereof. At the time of any such withdrawal from the Escrow Account, Debtor shall deliver to Secured Party unconditional lien releases from all parties paid with proceeds withdrawn from the Escrow Account during the previous month. Notwithstanding anything to the contrary contained herein, any insurance proceeds held by Debtor or on deposit in the Escrow Account upon the completion of the restoration of the Premises or portion thereof shall be applied as provided in the Facility Agreement. If the restoration of the Premises or applicable portion thereof requires a modification or change in the contemplated use or operation of the Improvements, Debtor and Secured Party shall reasonably agree upon the new use or operation of the Improvements prior to the commencement of the restoration thereof. Nothing herein contained shall be deemed to excuse Debtor from repairing or maintaining the Collateral as provided in Section 2.02 above or restoring all damage or destruction to the Collateral, regardless of whether there are insurance proceeds available to Debtor or whether any such proceeds are sufficient in amount. The application or release by Secured Party of any insurance proceeds shall not cure or waive any default or notice of default under this Instrument or invalidate any act done pursuant to such notice.

Section 2.06. [Intentionally Omitted.]

Section 2.07. Taxes and Impositions.

(a) Debtor shall pay, or cause to be paid, at least thirty (30) days prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments, of any kind or nature whatsoever, including, without limitation, nongovernmental levies or assessments such as maintenance charges, owner association dues or charges or fees, levies or charges resulting from covenants, conditions and restrictions affecting the Collateral, which are assessed or imposed upon the Collateral, or become due and payable, and which create, may create or appear to create a lien upon the Collateral, or any part thereof, or upon any personal property, equipment or other facility used in the operation or maintenance thereof (all of the above hereinafter referred to, collectively, as "Impositions"); provided, however, that if, by law, any such Imposition is payable, or may at the option of the taxpayer be paid, in installments, Debtor may pay the same or cause it to be paid, together with any accrued interest on the unpaid balance of such Imposition, in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest.

(b) If at any time after the date hereof there shall be assessed or imposed (i) a tax or assessment on the Collateral in lieu of or in addition to the Impositions

otherwise payable by Debtor pursuant to Section 2.07(a), or (ii) a license fee, tax or assessment imposed on Secured Party and measured by or based in whole (or in part) upon the amount of the outstanding obligations secured hereby, or (iii) a license fee, tax or assessment imposed on Secured Party because of Secured Party's interest in the Collateral, then all (or said part of) such taxes, assessments or fees shall be deemed to be included within the term "Impositions" as defined in Section 2.07(a) and Debtor shall pay and discharge the same as herein provided with respect to the payment of Impositions. If Debtor fails to pay such Impositions at least thirty (30) days prior to delinquency or if Debtor is prohibited by law from paying such Impositions, Secured Party may at its option declare all Obligations, together with all accrued interest thereon, immediately due and payable. Anything to the contrary herein notwithstanding, Debtor shall have no obligation to pay any franchise, estate, inheritance, income, excess profits or similar tax levied on Secured Party.

(c) Subject to the provisions of Section 2.07(d) and upon request by Secured Party, Debtor shall deliver to Secured Party, within thirty (30) days after the date upon which any such Imposition is due and payable by Debtor in accordance with this Instrument, proof reasonably satisfactory to Secured Party, such as a cancelled check, evidencing the payment thereof.

(d) Debtor shall have the right before any delinquency occurs to contest or object to the amount or validity of any such Imposition by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying or extending Debtor's covenant to pay any such Imposition at the time and in the manner provided herein unless Debtor gives written notice to Secured Party of Debtor's contest or objection to an Imposition, and unless, at Secured Party's sole option, Debtor shall demonstrate to Secured Party's satisfaction that Debtor has provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale.

(e) If requested by Secured Party, Debtor shall cause to be furnished to Secured Party a tax reporting service, covering the Collateral, or any portion thereof, of a type and duration, and with a company, satisfactory to Secured Party.

**Section 2.08. Eminent Domain.** In the event that any proceeding or action be commenced for the taking of the Collateral, or any part thereof or interest therein, for public or quasi-public use under the power of eminent domain, condemnation or otherwise, or if the same be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner, or should Debtor receive any notice or other information regarding such proceeding, action, taking or damage (including, without limitation, a proposal to purchase the Collateral or some portion thereof in lieu of condemnation), Debtor shall give prompt written notice thereof to Secured Party. Unless an Event of Default or Potential Default then exists, Debtor shall be entitled to negotiate with the condemnor concerning the proposed taking and to make any compromise or settlement in connection with such taking or damage and Debtor shall use reasonable efforts to allow Secured Party to participate in any negotiations, discussions or proceedings relating to any such compromise or settlement. Upon the occurrence and during the continuation of an Event of Default or Potential Default, Secured Party shall be entitled, at Secured Party's option, without regard to the adequacy of its security, to investigate and negotiate with the condemnor concerning the proposed taking, and to commence, appear in and prosecute in its own name any such action or proceeding and Secured Party shall also be entitled



to make any compromise or settlement in connection with such taking or damage with or without the consent of Debtor; provided, however, Secured Party shall use reasonable efforts to allow Debtor to participate in any negotiations, discussions or proceedings relating to any such compromise or settlement. All compensation, awards, damages, rights of action and proceeds awarded to Debtor by reason of any such taking or damage (the "Condemnation Proceeds") shall be payable to Debtor if such Condemnation Proceeds do not exceed the amount of One Hundred Thousand Dollars (\$100,000) and provided that no Event of Default or Potential Default then exists. If such Condemnation Proceeds exceed the amount of One Hundred Thousand Dollars (\$100,000) or if an Event of Default or Potential Default then exists, such Condemnation Proceeds shall be deposited into an Escrow Account with a third party reasonably acceptable to Debtor and Secured Party. The Condemnation Proceeds (after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including attorneys' fees, incurred by Secured Party in connection with any such action or proceeding), whether held by Debtor or on deposit in the Escrow Account shall be applied to restoration of such Collateral; provided that Secured Party shall have received and reasonably approved the final plans and specifications for the restoration and the budget of all costs for the proposed restoration of the Premises or portion thereof. If, through the use of Debtor's best efforts, the restoration of the Premises or portion thereof cannot be completed in a manner that makes the fair market value of such Collateral subsequent to such restoration reasonably equal to or in excess of the fair market value of such Collateral immediately prior to such taking or damage given the use of the collateral at the time of such taking or damage, Debtor and Secured Party shall reasonably agree upon the method and manner of the restoration of Premises prior to the commencement of the restoration thereof. Condemnation Proceeds deposited into the Escrow Account shall be applied to the restoration of the Premises and the Improvements and may be withdrawn by Debtor from the Escrow Account on a monthly basis in an amount not to exceed the costs and expenses for such restoration during the upcoming month; provided that Secured Party shall have received and reasonably approved the final plans and specifications for the restoration and the budget of all costs for the proposed restoration of the Premises or portion thereof. At the time of any such withdrawal from the Escrow Account, Debtor shall deliver to Secured Party unconditional lien releases from all parties paid with Condemnation Proceeds withdrawn from the Escrow Account during the previous month. Notwithstanding anything to the contrary contained herein, any Condemnation Proceeds held by Debtor or on deposit in the Escrow Account upon the completion of the restoration of the Premises or portion thereof shall be applied as provided in the Facility Agreement. Nothing herein contained shall be deemed to excuse Debtor from repairing or maintaining the collateral as provided in Section 2.02 hereof or restoring all damage or destruction to the Collateral, regardless of whether there are Condemnation Proceeds available to Debtor or whether any such proceeds are sufficient in amount. The application or release of the Condemnation Proceeds as provided herein shall not cure or waive any default or notice of default hereunder or under any other Obligation Document or invalidate any act done pursuant to such notice.

**Section 2.09. Insufficient Proceeds.** In the event Secured Party reasonably determines that the insurance proceeds or Condemnation Proceeds held by Debtor or on deposit in the Escrow Account as provided in this Instrument are insufficient to complete the restoration of the Collateral as provided herein, Debtor shall deposit sufficient funds, as reasonably determined by Secured Party, into the Escrow

Account to complete such restoration or, if no Escrow Account has been established pursuant to the terms hereof, Debtor shall provide Secured Party with evidence reasonably satisfactory to Secured Party that Debtor has sufficient funds, as reasonably determined by Secured Party, available to complete such restoration.

**Section 2.10. Liens.** Debtor shall pay and discharge promptly, or cause to be paid and discharged promptly, at Debtor's cost and expense, all liens, encumbrances and charges (other than Permitted Encumbrances (as hereinafter defined)) upon the Collateral, or any part thereof or interest therein, provided that Debtor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge provided that Debtor shall first deposit with Secured Party a good and sufficient bond, surety or other security, in such amounts as required by applicable statute in the State in which the Property is located or, in the absence of such legislation, in such amounts as Secured Party shall reasonably require and provided further that Debtor shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged. If Debtor shall fail to remove and discharge, or cause to be removed or discharged, any such lien, encumbrance or charge, then in addition to any other right or remedy of Secured Party, Secured Party may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due or by procuring the discharge of such lien, encumbrance or charge by depositing in a court a bond or the amount claimed or otherwise giving security for such claim, or by procuring such discharge in such manner as is or may be prescribed by law. Debtor shall, immediately upon demand therefor by Secured Party, pay to Secured Party an amount equal to all costs and expenses incurred by Secured Party in connection with the exercise by Secured Party of the foregoing right to discharge any such lien, encumbrance or charge, together with interest thereon from the date of such expenditure at the Agreed Rate and until so paid, such amount together with such interest shall be secured hereby.

**Section 2.11. Title.** Debtor represents and warrants that (i) it holds good and marketable title to the Collateral (other than the leasehold estates pursuant to the Parking Leases, in which case it holds good and valid leasehold estates in each such leasehold estate), (ii) it has authority to grant this Instrument on the same, (iii) the Collateral is free and clear of all monetary liens and encumbrances whatsoever, except as heretofore disclosed in writing to Secured Party and except for the permitted encumbrances listed on Exhibit C attached hereto (the "Permitted Encumbrances") and (iv) it will forever warrant and defend title to the Collateral against the claims of all persons whomsoever.

**Section 2.12. Other Instruments.** Debtor shall punctually pay all amounts due and payable under, and shall promptly and faithfully perform or observe each and every other material obligation or condition to be performed or observed under, each deed of trust, deed to secure debt, mortgage, security agreement or other lien or security interest, or encumbrance, lease, sublease, declaration, covenant, condition, restriction, license, order or other instrument or agreement which affects or may affect the Collateral, in law or in equity.

**Section 2.13. Leasehold.** Debtor hereby covenants, represents and warrants to Secured Party with respect to the Parking Leases as follows:

(a) To the best of Debtor's knowledge and belief, no default has occurred and is continuing under any of the Parking Leases and no event has occurred which, with the

passage of time or service of notice, or both would constitute an event of default under any of the Parking Leases. The Parking Leases are each in full force and effect and Debtor has not received any notice that Debtor is in default under any of the Parking Leases.

(b) All rents, additional rents, percentage rents and all other charges due and payable as of the date hereof under each of the Parking Leases have been fully paid.

(c) Debtor shall, at its sole cost and expense, promptly and timely perform and observe all the terms, covenants and conditions required to be performed and observed by Debtor as lessee under each of the Parking Leases (including, but not limited to, the payment of all rent, additional rent, percentage rent and other charges required to be paid under the Parking Leases.

(d) If Debtor shall violate any of the covenants specified in subsection (c) above, Debtor grants Secured Party the right (but not the obligation), to take any reasonable action as may be necessary to prevent or cure any default of Debtor under any of the Parking Leases.

(e) No action or payment taken or made by Secured Party to prevent any default by Debtor under any of the Parking Leases shall remove or waive, as between Debtor and Secured Party, the default which occurred hereunder by virtue of the default by Debtor under such Parking Lease. All reasonable sums expended by Secured Party in order to cure any such default shall be paid by Debtor to Secured Party upon demand with interest thereon at the Agreed Rate. All such indebtedness shall be deemed to be secured by this Instrument.

(f) Debtor shall notify Secured Party promptly in writing of (i) the occurrence of any material default by the lessor under any of the Parking Leases, and (ii) the receipt by Debtor of any notice (written or otherwise) from the lessor under any of the Parking Leases noting or claiming the occurrence of any material default by Debtor under any of the Parking Leases. Debtor shall deliver to Secured Party a copy of any such written notice of default.

(g) Promptly upon demand by Secured Party from time to time, but not more frequently than twice in any calendar year Debtor shall use reasonable efforts (other than payment to the lessor) to obtain from the lessor under any Parking Lease and furnish to Secured Party the estoppel certificate of such lessor stating the date through which rent has been paid and whether or not there are any defaults under its lease and specifying the nature of such claimed defaults, if any.

(h) Notwithstanding anything to the contrary herein contained with respect to the Parking Leases:

(i) The lien of this Instrument attaches to all of Debtor's rights and remedies at any time arising under or pursuant to Subsection 365(h) of the Bankruptcy Code, 11 U.S.C. Sections 101 et seq. (the "Bankruptcy Code"), including, without limitation, all of Debtor's rights to remain in possession of the Leased Land.

(ii) Debtor shall not, without Secured Party's written consent, elect to treat any of the Parking Leases as terminated under subsection 365(h)(1) of the

Bankruptcy Code. Any such election made without Secured Party's prior written consent shall be void.

(iii) As security for the Obligations, Debtor hereby unconditionally assigns, transfers and sets over to Secured Party all of Debtor's claims and rights to the payment of damages arising from any rejection by any lessor of any of the Parking Leases under the Bankruptcy Code. Secured Party and Debtor shall proceed jointly or in the name of Debtor in respect of any claim, suit, action or proceeding relating to the rejection of any of the Parking Leases, including, without limitation, the right to file and prosecute any proofs of claim, complaints, motions, applications, notices and other documents in any case in respect of such lessor under the Bankruptcy Code. This assignment constitutes a present, irrevocable and unconditional assignment of the foregoing claims, rights and remedies, and shall continue in effect until all of the Obligations secured by this Instrument shall have been satisfied and discharged in full. Any amounts received by Secured Party or Debtor as damages arising out of the rejection of any of the Parking Leases as aforesaid shall be applied first to all costs and expenses of Secured Party (including, without limitation, attorneys' fees and costs) incurred in connection with the exercise of any of its rights or remedies under this Section 2.13(1)(iii) and then in accordance with the other applicable provisions of the Facility Agreement.

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(iv) If, pursuant to subsection 365(h)(2) of the Bankruptcy Code, Debtor seeks to offset against the rent reserved in any of the Parking Leases, the amount of any damages caused by the nonperformance by the lessor thereunder of any of such lessor's obligations under such Parking Lease after the rejection by lessor of such Parking Lease under the Bankruptcy Code, Debtor shall, prior to effecting such offset, obtain Secured Party's consent to such offset, in the event Secured Party objects. Debtor shall not effect any offset of the amounts so objected to by Secured Party. If Secured Party has failed to object as aforesaid within ten days after notice from Debtor in accordance with the first sentence of this Section 2.13(1)(iv), Debtor may proceed to offset the amounts set forth in Debtor's notice.

(v) If any action, proceeding, motion or notice shall be commenced or filed in respect of any lessor or the Leased Land or any portion thereof in connection with any case under the Bankruptcy Code, Secured Party and Debtor shall cooperatively conduct and control any such litigation with counsel agreed upon between Debtor and Secured Party in connection therewith. Debtor shall, upon demand, pay to Secured Party all costs and expenses (including reasonable attorneys' fees and costs) paid or incurred by Secured Party in connection with the cooperative prosecution or conduct of any such proceedings. All such costs and expenses shall be secured by the lien of this Instrument.

(vi) Debtor shall promptly, after obtaining knowledge thereof, notify Secured Party orally of any filing by or against any lessor of a petition under the Bankruptcy Code. Debtor shall thereafter promptly give written notice of such filing to Secured Party, setting forth any relevant information available to

Debtor in connection with such filing. Debtor shall promptly deliver to Secured Party, following its receipt thereof, any and all notices, summonses, pleadings, applications and other documents received by Debtor in connection with any such petition and any proceedings relating thereto.

(i) To the extent permitted by law, the price payable by Debtor or any other party in the exercise of the right of redemption, if any, from any sale under or decree of foreclosure of this Instrument shall include all rents and other amounts paid and other sums advanced by Secured Party on behalf of Debtor as the lessee under the Parking Leases.

(j) Debtor hereby grants and assigns to Secured Party a security interest in all prepaid rent and security deposits and all other security which the lessors under the Parking Leases may hold now or later for the performance of Debtor's obligations as the lessee under the Parking Leases.

**Section 2.14. Utilities.** Debtor shall pay when due all utility charges which are incurred for the benefit of the Collateral or which may become a charge or lien against the Collateral for gas, electricity, water or sewer services furnished to the Collateral and all other assessments or charges of a similar nature, whether public or private, affecting or related to the Collateral or any portion thereof, whether or not such taxes, assessments or charges are or may become liens thereon.

**Section 2.15. Inspections.** Secured Party or its agents, representatives or workers are authorized to enter, at any reasonable time and upon reasonable prior notice to Debtor and without interference with Debtor's operation and use of the Collateral, upon or in any part of the Collateral for the purpose of inspecting the same and for the purpose of performing any of the acts they are authorized to perform hereunder or under the terms of the Obligation Documents. Secured Party will indemnify and hold Debtor harmless from any reasonable loss or damage (including, without limitation, reasonable attorneys' fees and costs) caused by Secured Party's inspection of the Collateral as provided herein.

**Section 2.16. Actions by Secured Party To Preserve Collateral.** If Debtor fails to make any payment or to do any act as and in the manner provided in any of the Obligation Documents, Secured Party, without obligation so to do, without releasing Debtor from any obligation, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. In the event of such failure (without limiting their general and other powers, whether conferred herein, in another Obligation Document or by law), Secured Party shall have and is hereby given the right, but not the obligation: (i) to enter upon and take possession of the Collateral; (ii) to make repairs to the Collateral which Secured Party may consider necessary or proper to keep the Collateral in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Secured Party; (iv) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which is in default, and the foreclosure or exercise of remedies in connection with which would, in the judgment of Secured Party, affect the security of this Instrument; and (v) in exercising such powers, to pay all reasonably necessary expenses. Debtor shall, immediately upon demand therefor by Secured Party, pay to Secured Party an amount equal to all respective costs and expenses reasonably incurred by Secured Party in connection

with the exercise by Secured Party of the foregoing rights, together with interest thereon from the date of such expenditures at the Agreed Rate.

**Section 2.17. Indemnification; Subrogation; Waiver of Offset.**

(a) If the title, interest, lien or encumbrance, as the case may be, of Debtor or Secured Party in and to the Collateral or any part thereof, or the security of this Instrument, or the rights or powers of Secured Party or Debtor hereunder, shall be attacked, either directly or indirectly, or if any legal proceedings are commenced involving Debtor or the Collateral, Debtor shall promptly give written notice thereof to Secured Party and at Debtor's own expense shall take all reasonable steps diligently to defend against any such attack or proceedings, employing attorneys reasonably agreeable to Secured Party. Debtor agrees that, if Debtor fails to perform any act which Debtor is required to perform hereunder, Secured Party may, but shall not be obligated to, perform or cause to be performed such act, and any expense incurred by Secured Party in connection therewith shall be a demand obligation owing by Debtor to Secured Party and shall bear interest at the Agreed Rate and Secured Party shall be subrogated to all of the rights of the party receiving such payment. The liabilities of Debtor as set forth in this Section 2.17 shall survive the termination of this Instrument.

(b) Debtor waives any and all right to claim or recover against Secured Party, its officers, employees, agents and representatives, for loss of or damage to Debtor, the Collateral, Debtor's other property or the property of others under Debtor's control from any cause insured against or required to be insured against by the provisions of this Instrument, except to the extent resulting from the gross negligence or willful misconduct of Secured Party.

(c) All sums payable by Debtor pursuant to this Instrument shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Debtor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Collateral or any part thereof; (ii) any restriction or prevention of or interference by any third party with any use of the Collateral or any part thereof; (iii) any title defect or encumbrance or any eviction from the Premises or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Secured Party, or any action taken with respect to this Instrument by any trustee or receiver of Secured Party, or by any court, in any such proceeding; (v) any claim which Debtor has or might have against Secured Party; (vi) any default or failure on the part of Secured Party to perform or comply with any of the terms hereof or of any other agreement with Debtor; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Debtor shall have notice or knowledge of any of the foregoing.

**Section 2.18. Financial and Other Information.**  
Debtor shall promptly make available to Secured Party at the Premises or Debtor's principal place of business such reasonable information concerning Debtor, the Collateral and Debtor's business affairs and financial condition, as Secured Party may request including, without limitation, books of account relating to the Premises.

**Section 2.19. Continued Existence; Trade Names.**

Debtor is and shall continue to be: (1) duly organized and existing under the laws of the state of its incorporation; and (2) duly authorized to execute, acknowledge and deliver the written instruments comprising the Obligations and this Instrument and to observe and perform Debtor's duties thereunder and hereunder.

**Section 2.20. Transfer of Collateral by Debtor.**

(a) The financial stability and managerial and operational ability of Debtor are substantial and material considerations to Secured Party in its agreement to make the loan to Debtor upon the terms set forth in, and to accept from Debtor, the Obligation Documents. Debtor understands and acknowledges that a transfer of the Collateral may significantly and materially alter and reduce Secured Party's security for the indebtedness evidenced or guaranteed by the Facility Agreement and the other Obligation Documents. Therefore, in order to induce Secured Party to make the loan secured hereby, Debtor agrees that, except as expressly permitted in this Section 2.20 or in Section 7.22 hereof or under the terms of the Facility Agreement, Debtor will not transfer the Collateral, or any portion thereof, without the prior written consent of Secured Party. In the event of any transfer of the Collateral, or any portion thereof, that is not expressly permitted in this Section 2.20 or in Section 7.22 hereof or under the terms of the Facility Agreement and is without the prior written consent of Secured Party, Secured Party shall have the absolute right, at its option, without prior demand or notice, to declare all of the Obligations immediately due and payable. Consent to one such transfer shall not be deemed to be a waiver of the right to require consent to future or successive transfers. In connection with any sale or transfer of the Collateral in which Debtor will receive an amount equal to or greater than the fair market value of the Collateral being sold or transferred, and all of such proceeds received by Debtor will be applied as provided in the Facility Agreement, Secured Party will grant or deny such consent in its reasonable discretion, otherwise Secured Party may grant or deny such consent in its sole and absolute discretion. If consent should be given to a transfer and if this Instrument is not released to the extent of the transferred portion of the Collateral by a writing signed by Secured Party and recorded in the proper city, town, county or parish records, then any such transfer shall be subject to this Instrument and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein. Any such assumption shall not, however, release Debtor or any maker or guarantor of the indebtedness evidenced or guaranteed by Secured Instrument from any liability thereunder without the prior written consent of Secured Party. As used herein, "transfer" shall, except as expressly provided herein, include (i) the sale, transfer or conveyance of the Collateral or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise; (ii) the execution of any installment land sale contract or similar conveyance instrument affecting all or a portion of the Collateral; (iii) the lease or sublease of all or substantially all of the Collateral; (iv) the use of any part of the surface, or subsurface of the Premises for the prospecting or drilling for, or the production (including injection and other production or withdrawal operations), mining, extraction, storing or removal of, any oil, gas or other minerals which materially interferes with the use of the Premises; or (v) any transfer by way of security, including the placing or the permitting of the placing, subsequent to the date hereof, of any mortgage, deed of trust, deed to secure debt, assignment of rents or other

security device on the Premises or any part thereof. Except as expressly provided herein, "transfer" shall also include the transfer of any stock in Debtor. This covenant shall run with the land of the Premises and remain in full force and effect until all of the Obligations are paid and fully performed, and Secured Party may, without notice to Debtor, deal with any transferees with reference to the Obligations in the same manner as the Debtor, without in any way altering or discharging Debtor's liability or the liability of any guarantor of Debtor with respect thereto.

(b) With respect to any such transfer to which Secured Party has consented, Secured Party shall promptly deliver to Debtor a partial termination or partial release of this Instrument to the extent of the portion of the Collateral so transferred if, and only if: (i) Debtor shall have given Secured Party a fifteen day prior written request for such partial termination or partial release; and (ii) no Event of Default or Potential Default shall have occurred and be continuing at the time this Section 2.20 would otherwise obligate Secured Party to deliver such partial termination or partial release. Debtor shall pay all legal fees and other expenses incurred by Secured Party for preparing and reviewing any such partial termination or partial release and the execution and delivery thereof, not to exceed the amount of One Hundred Dollars (\$100). Upon receipt by Debtor of such partial termination or partial release and upon the instruction of Secured Party, Debtor shall promptly and at its own expense record or file such partial termination or partial release in each of the cities, towns, counties or parishes, as appropriate, in which portions of the Collateral so transferred may be located. Upon request of Secured Party, Debtor shall promptly deliver to Secured Party evidence reasonably satisfactory to Secured Party of such recordation or filing.

**Section 2.21. Hazardous Waste and Environmental Regulations.** (a) Debtor shall exercise all due diligence in order to comply with any and all laws, regulations or orders with respect to the discharge and removal of any hazardous or toxic chemical, material substance or waste (collectively "Hazardous Products"), shall pay immediately when due the cost of removal of any Hazardous Products, and shall keep the Collateral free of any lien imposed pursuant to such laws, regulations or orders. In the event Debtor fails to do so, after notice to Debtor and the expiration of the cure period permitted under applicable law, regulation or order, Secured Party may declare this Instrument to be in default and Debtor shall give to Secured Party and its agents and its employees access to the Collateral and hereby specifically grants to Secured Party a license (effective only upon expiration of the applicable cure periods above described) to remove Hazardous Products and Debtor agrees to indemnify and hold Secured Party free and harmless from and against all loss, cost, damage and expense (including attorneys' fees and costs) Secured Party may sustain by reason of the assertion against Secured Party or the Collateral by any party of any claim in connection with Hazardous Products, except to the extent resulting from Secured Party's negligent removal of such Hazardous Products. The foregoing indemnification shall be a recourse obligation of Debtor and shall survive repayment of the Secured Instrument.

(b) Without limiting the generality of the foregoing, Debtor warrants and represents that to the best of its knowledge and belief except as previously disclosed in a writing delivered by Debtor to Secured Party which writing is identified as being delivered pursuant to this Section 2.21(b), there is not constructed, deposited, stored, disposed, placed or located on the Collateral or any portion



thereof any (i) urea formaldehyde foam insulation; (ii) any other chemical, material, substance or other matter of any kind whatsoever in a quantity or concentration exposure to which is prohibited, limited or regulated by any Federal, State, County, regional or local authority or legislation relating to or having jurisdiction over the Collateral or any portion thereof, including, without limitation, the Federal Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. § 9601 et seq., the regulations promulgated from time to time thereunder, environmental laws administered by the Environmental Protection Agency and similar laws and regulations of any State, County, regional, local authority or any other governmental organization or agency having jurisdiction over the Collateral or any portion thereof. Debtor will not use, generate, treat, store, dispose of, or otherwise introduce any Hazardous Product into or on the Premises nor cause, suffer, allow or permit anyone else to do so.

(c) Upon the discovery by Debtor of any event or situation which would render any of the representations or warranties contained in this Section 2.21 inaccurate in any respect if made at the time of such discovery, Debtor shall promptly notify Secured Party of such event or situation. Debtor shall cooperate with all applicable governmental authorities in promptly and diligently developing a plan to take such corrective action as is necessary to remove such Hazardous Products from the Collateral. Debtor shall promptly commence all action necessary to implement such plan and to comply with any requirements and conditions imposed by any governmental authorities in connection therewith and by any reasonable requirements and conditions imposed by Secured Party which are not inconsistent with the requirements of the applicable governmental authorities, and shall diligently and continuously pursue such action to completion in strict accordance with the terms thereof.

(d) To the best knowledge of the Debtor, neither the Collateral nor the Debtor, nor any other person or entity, is subject to any pending or threatened investigation, inquiry, order or proceeding (or remedial obligations resulting from any such pending, threatened or completed investigation, inquiry, order or proceeding) by any Federal, State, County, regional, local authority or any other governmental organization or agency having jurisdiction over the Collateral or any portion thereof, relating to the use, generation, treatment, storage, disposal or introduction of Hazardous Products on or from the Premises.

**Section 2.22. Full Performance Required; Survival of Warranties.** All representations, warranties and covenants of Debtor contained in any loan application or made to Secured Party in connection with the loan secured hereby or contained in the Obligation Documents or incorporated by reference therein shall survive the execution and delivery of this Instrument and shall remain continuing obligations, warranties and representations of Debtor so long as any portion of the Obligations remains outstanding; and Debtor shall fully and faithfully satisfy and perform all such obligations, representations, warranties and covenants.

**Section 2.23. Additional Security.** No other security now existing, or hereafter taken, to secure the Obligations shall be impaired or affected by the execution of this Instrument; and all additional security shall be taken, considered and held as cumulative. The taking of additional security, execution of partial releases of the security, or any extension of the time of payment of the indebtedness shall not diminish the force, effect or lien of this Instrument and shall not affect or impair the liability of any maker, surety,

guarantor or endorser for the payment of said indebtedness. Neither the acceptance of this Instrument nor its enforcement, whether by court action or other powers herein contained shall prejudice or in any manner affect Secured Party's right, to realize upon or enforce any other security now or hereafter held by Secured Party, it being agreed that Secured Party shall be entitled to enforce this Instrument and any other security now or hereafter held by Secured Party in such order and manner as it may in its absolute discretion determine.

**Section 2.24. Further Acts.** Debtor shall do and perform all acts reasonably necessary to keep valid and effective the charges and lien hereof and to carry into effect its objective and purposes, in order to protect the lawful owner of the Secured Instrument and the other Obligations. Promptly upon request, from time to time, of Secured Party and at Debtor's expense, Debtor shall execute, acknowledge and deliver to Secured Party such other and further instruments and do such other acts as in the reasonable opinion of Secured Party may be necessary or desirable to (a) grant to Secured Party the highest available perfected lien on all of the Collateral to secure all of the Obligations, (b) grant to Secured Party, to the fullest extent permitted by applicable law, and subject to the Permitted Encumbrances, the right to foreclose on the Collateral nonjudicially (c) correct any defect, error or omission which may be discovered in the contents of this Instrument (including, without limitation, all exhibits and schedules hereto) or any other Obligation Document, (d) identify more fully and subject to the liens, encumbrances, security interests and assignments created hereby any property intended by the terms hereof to be covered hereby (including without limitation, any renewals, additions, substitutions, replacements or appurtenances to the Collateral), (e) except with respect to the Permitted Encumbrances or except as otherwise approved by Secured Party, assure the first priority of this Instrument and of such liens, encumbrances, security interests and assignments, and (f) otherwise effect the intent of this Instrument; without limiting the generality of the foregoing, Debtor shall promptly and, insofar as not contrary to applicable law, at Debtor's own expense, record, rerecord, file and refile in such offices, at such times and as often as may be necessary, this Instrument, additional mortgages and deeds of trust, and every other instrument in addition or supplemental hereto, including applicable financing statements, as may be necessary to create, perfect, maintain and preserve the liens, encumbrances and security interests (and priority thereof) intended to be created hereby and the rights and remedies of Secured Party hereunder. Upon request by the Secured Party, Debtor shall supply evidence of fulfillment of each of the covenants herein contained concerning which a request for such evidence has been made.

**ARTICLE III**  
**ASSIGNMENT OF RENTS, ISSUES AND PROFITS**

**Section 3.01. Assignment of Rents, Issues and Profits.** Pursuant to the assignment made by Debtor in paragraph C of the granting clause of this Instrument, Secured Party is entitled to receive the Rents. In furtherance thereof, Debtor hereby gives to and confers upon Secured Party the right, power and authority to collect the Rents, and Debtor irrevocably appoints Secured Party its true and lawful attorney-in-fact, at the option of Secured Party, at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Debtor, for all Rents accrued but unpaid and in arrears at the date of an Event of Default hereunder as well as the Rents thereafter accruing and becoming payable during the continuance of such Event of Default and apply the same to

the Obligations; provided, however, that Debtor shall have the right to collect the Rents (but not more than three (3) months in advance unless the written approval of Secured Party has first been obtained), and to retain and enjoy the same, so long as an Event of Default shall not have occurred hereunder and be continuing. Upon request of Secured Party, Debtor shall execute and deliver to Secured Party (a) a specific assignment, in recordable form, of any lease, sublease, license, concession or other agreement now or hereafter affecting the Collateral or any portion thereof to further evidence the assignment hereby made and (b) such other instruments as Secured Party may deem necessary, convenient or appropriate in connection with the payment and delivery directly to Secured Party of all of the Rents. Debtor acknowledges that in order to facilitate the performance of the Obligations, the assignment of the rents, issues and profits of the Collateral in this Article III is intended to be an absolute assignment from Debtor to Secured Party and not merely the passing of a security interest.

**Section 3.02. Collection Upon Default.**

(a) Upon the occurrence of an Event of Default hereunder, Secured Party may, at any time without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Obligations, enter upon and take possession of the Collateral, or any part thereof, and with or without taking possession of the Collateral or any part thereof, in its own name sue for or otherwise collect the Rents, including those past due and unpaid, and apply the same, less costs and expenses of open the Lien and collect thereon, including, without limitation, attorneys' fees, upon any of the Obligations, and in such order as Secured Party may determine, notwithstanding that such Obligations may not be due according to the terms thereof. Debtor also hereby authorizes Secured Party upon such entry, at its option, to take over and assume the management, operation and maintenance of the Collateral and to perform all acts Secured Party in its sole discretion deems necessary and proper and to expend such sums out of income of the Collateral as may be needed in connection therewith, in the same manner and to the same extent as Debtor theretofore might do, including the right to effect new leases, subleases, licenses, concession, franchises, or similar agreements, including, without limitation, the Leases (Debtor Lessor), to cancel, surrender, alter or amend the terms of, and/or renew then-existing Leases (Debtor Lessor), and/or to make concessions to tenants or other parties to such agreements. The collection of the Rents, or the entering upon and taking possession of the Collateral, or the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default. Secured Party are hereby absolved from all liability for failure to enforce collection of any Rents, and from all other responsibility in connection therewith, except the responsibility to account to Debtor for Rents actually received.

(b) Upon such entry, Secured Party shall, after payment of all proper charges and expenses, credit the net amount of the income received by it from the Collateral by virtue of the assignment contained in this Article III to the Obligations. Secured Party shall not be accountable for more monies than it actually receives from the Collateral; nor shall it be liable for failure to collect Rents. Upon such entry, Secured Party shall make reasonable efforts to collect Rents, reserving, however, within its own sole discretion, the right to determine the method of collection and the extent to which enforcement of collection of Rents shall be prosecuted,

and Secured Party's judgment shall be deemed conclusive and reasonable.

(c) Debtor hereby authorizes and directs that all other parties now or hereafter owing or paying Rents, in, to or relating to the Premises or to any of the other interests included in the Collateral, or any part thereof, or now or hereafter having in their possession or control any Rents from, or allocated to the Collateral, or any part thereof, or the proceeds therefrom, shall, upon the request of Secured Party and until Secured Party directs otherwise, pay and deliver such Rents directly to Secured Party at Secured Party's address set forth in the introduction to this Instrument, or in such other manner as Secured Party may direct such parties in writing, and this authorization shall continue until this Instrument is released. Debtor agrees that all instruments that Secured Party may from time to time execute and deliver for the purpose of collecting and receipting for Rents shall be binding upon Debtor and its successors and assigns. No payor making payments to Secured Party at its request under the assignment contained herein shall have any responsibility to see to the application of any of such funds, and any party paying or delivering Rents to Secured Party under such assignment shall be released thereby from any and all liability to Debtor to the full extent and amount of all Rents so delivered. Debtor agrees to indemnify and hold harmless any and all parties making payments to Secured Party, at Secured Party's request under the assignment contained herein, against any and all liabilities, actions, claims, judgments, costs, charges and attorneys' fees resulting from the delivery of such payments to Secured Party. The indemnity agreement contained in the previous sentence is made for the direct benefit of and shall be enforceable by all such persons. Should Secured Party bring suit against any third party for collection of any amounts or sum included within this assignment (and Secured Party shall have the right to bring any such suit), it may sue either in its own name or in the name of Debtor, or both.

(d) It is not the intention of the parties hereto that an entry by Secured Party upon the Premises under the terms of this Instrument shall make Secured Party a party in possession in contemplation of the law, except at the option of Secured Party.

(e) Nothing contained herein shall operate or be construed to obligate Secured Party to perform any of the terms, covenants, and conditions contained in any Lease (Debtor Lessor) of or relating to the Premises or any portion thereof or otherwise to impose any obligation upon Secured Party with respect to any Lease (Debtor Lessor) of or relating to the Premises or any portion thereof, including, but not limited to, any obligation arising out of any covenant of quiet enjoyment therein contained in the event the lessee or other party under any such Lease (Debtor Lessor) shall have been joined as a party defendant in any action to foreclose and the estate of such lessee or other party shall have been thereby terminated. Prior to actual entry into and taking possession of the Premises by Secured Party, the assignment contained in this Article III shall not operate to place upon Secured Party any responsibility for the operation, control, care, management or repair of the Collateral or any portion thereof, and the execution of this Instrument by Debtor shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Premises is and shall be that of Debtor, prior to such actual entry and taking of possession.

(f) The assignment of rents, issues, profits and proceeds herein made shall not be construed to limit in any

way Secured Party's other rights hereunder, including, without limitation, its right to accelerate the indebtedness evidenced by the Obligations upon an Event of Default. Monies received under the assignments herein made shall not be deemed to have been applied in payment of Obligations unless and until such monies actually are applied thereto by Secured Party.

**Section 3.03. Sale of Collateral.** Upon any sale of any of the Collateral by or for the benefit of Secured Party pursuant to Article V hereof, the Rents attributable to the part of the Collateral so sold for periods subsequent to the vesting of title to such purchaser shall be included in such sale and shall pass to the purchaser free and clear of (a) the assignment made by Debtor in paragraph C of the granting clause of this Instrument and (b) the provisions of this Article III.

#### ARTICLE IV TERMINATION

If all of the Obligations shall be paid and performed in full pursuant to the terms and conditions of this Instrument and the instruments evidencing the Obligations, then Secured Party shall, promptly, after the request of Debtor, execute, acknowledge and deliver to Debtor proper instruments evidencing the termination and release of this Instrument. Debtor shall pay all reasonable legal fees and other expenses incurred by Secured Party for preparing and reviewing such instruments and the execution and delivery thereof up to a maximum amount of One Hundred Dollars (\$100), and Secured Party may require payment of the same prior to delivery of such instruments. Upon the receipt by Debtor of terminations or releases signed by Secured Party, and in recordable form and evidencing the termination of this Instrument, Debtor, upon the instruction of Secured Party, shall promptly and at its own expense record or file such terminations or releases in each of the cities, towns, counties and parishes, as appropriate, in which portions of the Collateral may be located, in such a manner so as to effect a release of all of the Collateral of record. Upon the request of Secured Party, Debtor shall promptly deliver to Secured Party evidence reasonably satisfactory to Secured Party of such recordation or filing. Otherwise, this Instrument shall remain and continue in full force and effect. The obligations of Debtor under this Article IV shall survive the termination of this Instrument.

**Section 5.01. Events of Default.** The occurrence of any of the following events ("Events of Default") shall, automatically (as to any Event of Default described in (d), (e), (f), (g), (h) and (i) below), or at the option of Secured Party (as to any other Event of Default), make all amounts then remaining unpaid on the Obligations immediately due and payable, all without further demand, presentment, notice or other requirements of any kind, all of which are hereby expressly waived by Debtor, and the lien, encumbrance and security interest evidenced or created hereby shall be subject to foreclosure in any manner provided for herein or provided for by law:

(a) Debtor shall default in the performance of any term, covenant or condition required to be observed by Debtor under the Guaranty (giving effect to any applicable notice or grace periods provided therein), including, without limitation, any such event caused by a failure to pay when due any amount due under the Guaranty;

(b) Debtor shall default in the performance or observance of any term, covenant or condition required to be observed by Debtor under this Instrument (excluding Section 2.20 hereof) or any document or agreement (other than the Guaranty) executed by Debtor in connection with or relating to this Instrument, the Collateral, the Obligations or any part thereof, and such default shall not have been remedied or waived within 30 days after receipt of notice from Secured Party of such default; provided, however, if such default is not reasonably curable within such 30 days and if Debtor promptly notifies Secured Party of its intention to cure such default and if the Debtor promptly begins and diligently pursues efforts to cure such default, then such default shall not constitute an Event of Default until 120 days after such notice from Secured Party;

(c) Any material representations or warranties of Debtor made heretofore in any document or agreement executed by Debtor in connection with or relating to this Instrument, the Collateral, the Obligations or any part thereof, or in any statement or certificate at any time given by Debtor in writing pursuant hereto or in connection herewith shall be false in any material respect on the date as of which made;

(d) Debtor shall have an order for relief entered with respect to it or commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property, shall make any assignment of substantially all of its assets for the benefit of creditors; or Debtor shall be unable or fail, or shall admit in writing its inability, to pay its debts as such debts become due;

(e) Any order, judgment or decree shall be entered against Debtor decreeing the dissolution or split up of Debtor and such order shall remain undischarged or unstayed for a period in excess of 60 days;

(f) A court having jurisdiction shall enter a decree or order for relief in respect of Debtor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; or any other similar relief shall be granted under any applicable federal or state law; or a decree or order of a court having jurisdiction for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Debtor or over all or a substantial part of its property, shall have been entered; or the involuntary appointment of an interim receiver, trustee or other custodian of Debtor for all or a substantial part of its property shall occur; or a warrant of attachment, execution or similar process shall be issued against any substantial part of the property of Debtor and such warrant shall remain in effect for 60 days without being bonded or discharged;

(g) Except as expressly permitted by Section 2.20 hereof, Debtor shall transfer the Collateral or any portion thereof without the prior written consent of Secured Party;

(h) Any "Event of Default" shall occur under any of the other Obligation Documents (as "Event of Default" is defined therein); or

(i) Any default by Debtor, and the expiration of any applicable cure period, shall occur under any of the Permitted Encumbrances.

**Section 5.02. Fixtures.** Upon the occurrence of any of the Events of Default, or at any time thereafter, Secured Party may, to the extent permitted under applicable law, elect to treat the fixtures included in the Collateral either as real property or as personal property, or both, and proceed to exercise such rights as apply thereto. With respect to any sale of real property included in the Collateral made under the powers of sale herein granted and conferred, Secured Party may, to the extent permitted by applicable law, include in such sale any personal property and fixtures included in the Collateral and relating to such real property.

**Section 5.03. Remedies.**

(a) Upon the occurrence of any of the Events of Default, and at all times thereafter, in addition to all other powers, rights and remedies herein granted or by law or at equity conferred,

(i) Secured Party shall have all of the rights and remedies of a mortgagee (the power of sale permitted and provided by applicable statute being hereby expressly granted by Debtor to Secured Party) with respect to all of the Collateral. Secured Party shall, to the extent permitted by applicable law, have the right and power, but not the obligation, to enter upon and take immediate possession of the RP Collateral or any part thereof, to exclude Debtor therefrom, to hold, use, operate, manage and control such real property, to make all such repairs, replacements, alterations, additions and improvements to the same as Secured Party may deem proper, and to demand, collect and retain the rents as provided in Article III hereof.

(ii) Secured Party with respect to any or all of the Collateral, in lieu of or in addition to exercising any other power, right or remedy herein granted or by law or equity conferred, may, proceed by an action or actions in equity or at law for the seizure and sale of the RP Collateral or any part thereof, for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power, right or remedy herein granted or by law or equity conferred, for the foreclosure or sale of such real property or any part thereof under the judgment or decree of any court of competent jurisdiction, for the appointment of a receiver pending any foreclosure hereunder or the sale of such real property or any part thereof or for the enforcement of any other appropriate equitable or legal remedy.

(iii) Secured Party shall have all of the rights and remedies of an assignee and secured party granted by applicable law, including the Uniform Commercial Code, and shall, to the extent permitted by applicable law, have the right and power, but not the obligation, to take possession of the UCC Collateral, and for that purpose Secured Party may enter upon any premises on which any or all of the UCC Collateral is located and take possession of and operate such UCC Collateral or remove the same therefrom. Secured Party may require Debtor to assemble the UCC Collateral and make it available to Secured Party at a place to be reasonably designated by Secured Party which is reasonably convenient to both parties. The following presumptions shall exist and shall be deemed conclusive with regard to the exercise by Secured Party of any of its remedies with respect to the UCC Collateral:

(1) Twenty days' prior written notice of the time and place of any public sale or of the time after which any private sale or any other intended

disposition thereof is to be made shall be reasonable notice to Debtor. No such notice is necessary if such property is perishable or threatens to decline speedily in value.

(2) Without in any way limiting the right and authority of Secured Party to sell or otherwise dispose of collateral in a commercially reasonable manner, the following, or any of them, shall be considered commercially reasonable: (A) Secured Party may hold a public sale of the collateral at the Premises, after having provided Debtor with twenty (20) days' notice of such sale and after having published notice of such sale by an advertisement not less than three inches in height and one column in width in a local publication where advertisements of such sales are published in the area in which the Premises are located as Secured Party determines to be appropriate (which advertisement may be placed in the "classified" section), for a period of not less than five (5) consecutive issues commencing not more than twenty (20) days prior to the sale; (B) the collateral may be sold for cash; and (C) Secured Party or any other person owning, directly or indirectly, any interest in any of the obligations may be a purchaser at such sale.

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(iv) Secured Party may, subject to any mandatory requirements of applicable law, sell or have sold the RP Collateral or any part thereof at one or more sales, as an entirety or in parcels, at such place or places and otherwise in such manner and upon such notice as may be required by law or by this Instrument, or, in the absence of any such requirement, as Secured Party may deem appropriate. Secured Party shall make a conveyance to the purchaser or purchasers thereof without, to the extent permitted by applicable law, any warranties express or implied. Secured Party may postpone the sale of such RP Collateral or interests therein or any part thereof by public announcement at the time and place of such sale, and from time to time thereafter may further postpone such sale by public announcement made at the time and place of sale fixed by the preceding postponement. Sale of a part of the RP Collateral or interests therein or any defective or irregular sale hereunder will not exhaust the power of sale, and sales may be made from time to time until all such property is sold without defect or irregularity or the obligations are paid in full. Secured Party shall have the right to appoint one or more attorneys-in-fact to act in conducting the foreclosure sale and executing a deed to the purchaser. It shall not be necessary for any of the collateral at any such sale to be physically present or constructively in the possession of Secured Party and Debtor shall deliver all of the collateral to the purchaser at such sale. If it should be impossible or impracticable to take actual delivery of the collateral, then the title and right of possession to the collateral shall pass to the purchaser at such sale as completely as if the same had been actually present and delivered.

(b) Secured Party (or any other person owning, directly or indirectly, any interest in any of the obligations) shall have the right to become the purchaser at any sale made pursuant to the provisions of this Article V and shall have the right to credit upon the amount of the bid made therefor the amount payable to it out of the net proceeds of such sale. All other sales shall be, to the extent permitted by applicable law, on a cash basis. Recitals contained in any conveyance to any purchaser at any sale made hereunder will



conclusively establish the truth and accuracy of the matters therein stated, including without limitation nonpayment of the Obligations and advertisement and conduct of such sale in the manner provided herein or provided by law. Debtor does hereby ratify and confirm all legal acts that Secured Party may do in carrying out the provisions of this Instrument.

(c) Any sale of the Collateral or any part thereof pursuant to the provisions of this Article V will operate to divest all right, title, interest, claim and demand of Debtor in and to the property sold and will be a perpetual bar against Debtor. Nevertheless, if requested by Secured Party so to do, Debtor shall join in the execution, acknowledgement and delivery of all proper conveyances, assignments and transfers of the property so sold. Any purchaser at a foreclosure sale will receive immediate possession of the property purchased, and Debtor agrees that if Debtor retains possession of the property or any part thereof subsequent to such sale, Debtor will be considered a tenant at sufferance of the purchaser, and will, if Debtor remains in possession after demand to remove, be guilty of forcible detainer and will be subject to eviction and removal, forcible or otherwise, with or without process of law, and all damages to Debtor by reason thereof are hereby expressly waived by Debtor.

(d) Debtor acknowledges that it is aware of and has had the advice of counsel of its choice with respect to its rights, under applicable law, with respect to this Instrument, the Obligations and the Collateral. Nevertheless, Debtor hereby waives and relinquishes to the maximum extent permitted by law any right under any law relating to, and subject to any mandatory requirements of applicable law Debtor hereby agrees that Debtor shall not at any time hereafter have or assert any right under any law pertaining to: marshalling, whether of assets or liens, the sale of property in the inverse order of alienation, the exemption of homesteads, the administration of estates of decedents, appraisement, valuation, stay, extension, redemption, the maturing or declaring due of the whole or any part of the Obligations, notice of intention of such maturing or declaring due, other notice (whether of defaults, advances, the creation, existence, extension or renewal of any of the Obligations or otherwise), subrogation, or abatement, suspension, deferment, diminution or reduction of any of the Obligations (including, without limitation, set-off), now or hereafter in force.

(e) Secured Party, at its option, is authorized to foreclose this Instrument subject to the rights of any tenants of the Premises, and the failure to make any such tenants parties to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted to be by Debtor, a defense to any proceedings instituted by Secured Party to collect the Obligations.

(f) Secured Party shall, to the extent permitted by applicable law, have the option to proceed with foreclosure or the exercise of the power of sale in satisfaction of any part of the Obligations without declaring the whole of the Obligations as immediately mature, and such foreclosure or sale may be made subject to the unmatured part of the Obligations, and it is agreed that such foreclosure, if so made, shall not in any manner affect the unmatured part of the Obligations, but as to such unmatured part of the Obligations, this Instrument and the Guaranty shall remain in full force and effect just as though no foreclosure or sale had been made with respect to any portion of the Collateral as to which Secured Party has not exercised its rights and remedies under this Instrument. Several foreclosures or sales may be made without exhausting the right of foreclosure or the power of sale for any unmatured part of the Obligations, it being the

purpose to provide for a foreclosure and sale of the security for any matured portion of the Obligations without exhausting the power of foreclosure and the power to sell the Collateral for any other part of the Obligations.

**Section 5.04. Costs and Expenses.** All costs and expenses (including reasonable attorneys' fees, legal expenses, title premiums, title report and work charges, filing fees, and mortgage, mortgage registration, transfer, stamp and other excise taxes) incurred by Secured Party in perfecting, protecting or enforcing its rights hereunder, whether or not an Event of Default shall have occurred, shall be a demand obligation of Debtor to Secured Party and shall bear interest at the Agreed Rate, all of which shall be part of the Obligations.

**Section 5.05. Application of Proceeds.**

(a) The proceeds of any sale of the Collateral or any part thereof made pursuant to this Article V shall be applied as follows:

(i) First, to the payment of all costs and expenses incident to the enforcement of this Instrument, including, without limitation, a reasonable compensation to the agents, attorneys and counsel, including those of paralegals, of Secured Party;

(ii) Second, to the payment or prepayment of the Obligations, in such order as Secured Party shall elect; and

(iii) Third, the remainder, if any, shall be paid to Debtor or such other person or persons as may be entitled thereto by law;

provided, however, that if applicable law requires such proceeds to be paid or applied in a manner other than as set forth above in this Section 5.05(a), then such proceeds shall be paid or applied in accordance with such applicable law.

(b) Upon any sale made under the powers of sale herein granted and conferred, the receipt of Secured Party will be sufficient discharge to the purchaser or purchasers at any sale for the purchase money, and such purchaser or purchasers and the heirs, devisees, personal representatives, successors and assigns thereof will not, after paying such purchase money and receiving such receipt of Secured Party, be obligated to see to the application thereof or be in any way answerable for any loss, misapplication or non-application thereof.

**Section 5.06. Request for Notice.** Debtor hereby requests that a copy of any notice of default and a copy of any notice of sale hereunder be mailed to Debtor at the address set forth in Section 7.11 of this Instrument.

**ARTICLE VI**  
[INTENTIONALLY OMITTED.]

**ARTICLE VII**  
**MISCELLANEOUS COVENANTS AND AGREEMENTS**

**Section 7.01. Cumulative Rights; Waivers; Modifications.** Each and every right, power and remedy hereby granted to Secured Party shall be cumulative and not exclusive, and each and every right, power and remedy whether specifically hereby granted or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by Secured Party and the exercise of any such right, power or remedy will not be deemed a waiver of

the right to exercise, at the same time or thereafter, any other right, power or remedy. No delay or omission by Secured Party in the exercise of any right, power or remedy will impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing. Any and all covenants of Debtor in this Instrument may from time to time, by instrument in writing signed by Secured Party, be waived to such extent and in such manner as Secured Party may desire, but no such waiver will ever affect or impair the rights of Secured Party hereunder, except to the extent specifically stated in such written instrument. All changes to and modifications of this Instrument must be in writing and signed by Debtor and Secured Party.

**Section 7.02. Partial Releases.** No release from the lien or encumbrance of this Instrument of any part of the Collateral by Secured Party shall in any way alter, vary or diminish the force or effect of this Instrument on the balance of the Collateral or the priority of the lien of this Instrument on the balance of the Collateral.

**Section 7.03. Severability.** If any provision hereof or of any of the other documents constituting, evidencing or creating all or any part of the obligations is invalid or unenforceable in any jurisdiction, the other provisions hereof or of said documents shall remain in full force and effect in such jurisdiction and the remaining provisions hereof will be liberally construed in favor of Secured Party in order to carry out the provisions hereof and of such other documents. The invalidity of any provision of this Instrument in any jurisdiction will not affect the validity or enforceability of any such provision in any other jurisdiction. Any reference herein contained to a statute or law of a state in which no part of the Collateral is situated will be deemed inapplicable to, and not used in, interpreting the application of this Instrument to such Collateral. If any lien, encumbrance or security interest evidenced or created by this Instrument is invalid or unenforceable, in whole or in part, as to any part of the Obligations, or is invalid or unenforceable, in whole or in part, as to any part of the Collateral, such portion, if any, of the Obligations as is not secured by all of the Collateral hereunder shall be paid prior to the payment of the portion of the Obligations secured by all of the Collateral, and all payments made on the Obligations (including, without limitation, cash and/or property received in connection with sales of Collateral pursuant to Article V hereof) shall, unless prohibited by applicable law or unless Secured Party, in its sole and absolute discretion, otherwise elects, be deemed and considered to have been first paid on and applied to payment in full of the unsecured or partially secured portion of the Obligations, and the remainder to the secured portion of the Obligations.

**Section 7.04. Subrogation.** This Instrument is made with full substitution and subrogation of Secured Party in and to all covenants and warranties by others heretofore given or made in respect of the Collateral or any part thereof. To the extent that proceeds of the loan evidenced or guaranteed by the Secured Instrument are used to pay any outstanding lien, charge or prior encumbrance against the Collateral, such proceeds have been or will be advanced by Secured Party at Debtor's request and Secured Party shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released.

**Section 7.05. Secured Party's Powers.** Without affecting the liability of any other person liable for the

payment of any obligation herein mentioned, and without affecting the lien or charge of this Instrument upon any portion of the Premises not then or theretofore released as security for the full amount of all unpaid Obligations, Secured Party may, from time to time and without notice, (a) release any persons liable, (b) extend the maturity or alter any of the terms of any such obligation, (c) grant other indulgences, (d) release or reconvey, or cause to be released or reconveyed at any time at Secured Party's option any parcel, portion or all of the collateral, (e) take or release any other or additional security for any obligation herein mentioned, or (f) make compositions or other arrangements with debtors in relation thereto.

**Section 7.06. Enforceability of Instrument.** This Instrument is deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, deed of trust, deed to secure debt, financing statement, real estate mortgage, or security agreement, and from time to time as any one or more thereof, as is appropriate under applicable state law. A carbon, photographic or other reproduction of this Instrument or any financing statement in connection herewith shall be sufficient as a financing statement for any and all purposes.

**Section 7.07. Interest.** All interest required hereunder and under the Obligations shall be calculated on the basis of a full calendar year. Notwithstanding anything to the contrary contained herein, no rate of interest required hereunder or under the Obligations shall exceed the maximum legal rate under applicable law, and, in the event any such rate is found to exceed such maximum legal rate, Debtor shall be required to pay only such maximum legal rate. All agreements between Debtor and Secured Party are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid, or agreed to be paid, to Secured Party for the use, forbearance, or detention of the money due under the Secured Instrument exceed the maximum amount permissible under applicable law. If, due to any circumstances whatsoever, fulfillment of any provision hereof, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any circumstances Secured Party should ever receive as interest an amount that would exceed the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing under the Secured Instrument and not to the payment of interest. Under the terms and provisions of the Obligations which this Instrument secures and under the terms and provisions of any future or further advances secured hereby, the interest rate payable thereunder may be variable. ONE OF THE PURPOSES OF THIS PARAGRAPH IS TO PROVIDE RECORD NOTICE OF THE RIGHT OF SECURED PARTY TO INCREASE OR DECREASE THE INTEREST RATE ON ANY OF THE OBLIGATIONS WHERE THE TERMS AND PROVISIONS OF SUCH OBLIGATIONS PROVIDE FOR A VARIABLE INTEREST RATE.

**Section 7.08. Choice of Law.** The Secured Instrument and the Facility Agreement provide that they are to be governed by, and construed and enforced in accordance with, the laws of the State of New York. Notwithstanding such provisions, however, (i) the terms and provisions of this Instrument, including without limitation the enforcement or realization by Secured Party of its rights and remedies under this Instrument or with respect to the Collateral, shall be governed by, and construed and enforced in accordance with, the internal law of the State of Indiana without giving effect to the conflicts-of-law rules and principles of such state; (ii) Debtor agrees that to the extent deficiency judgments are

available under the laws of the State of Indiana after a foreclosure (judicial or nonjudicial) of the Collateral, or any portion thereof, or any other realization thereon by Secured Party, Secured Party shall have the right to seek such a deficiency judgment against Debtor in the State of Indiana; (iii) Debtor agrees that if Secured Party obtains a deficiency judgment in the State of Indiana, then Secured Party shall have the right to enforce such judgment in the State of Indiana, as well as in other states including, without limitation, the State of California and the State of New York; (iv) without limiting the generality of the foregoing, Debtor hereby waives, to the maximum extent permitted by law, any rights it may have under the California Code of Civil Procedure Sections 580d and 726 with respect to the Collateral and the enforcement or realization by Secured Party of its rights and remedies under this Instrument or with respect to the Collateral; and (v) Debtor hereby agrees that no action, proceeding or judgment initiated, pursued or obtained by Secured Party in the State of Indiana with respect to the Collateral or this Instrument shall be considered a "judgment" for the purposes of such Section 580d or an "action" for the purposes of such Section 726.

**Section 7.09. Counterparts.** This Instrument may be executed in several original counterparts. Each counterpart shall be deemed to be an original for all purposes, and all counterparts shall together constitute but one and the same instrument.

**Section 7.10. Recording References.** Unless otherwise specified in Exhibit A or Exhibit B hereto, all recording references in the Lake County Recorder to the official real property records of the city, town, county or parish, as appropriate, in which the affected land is located. The references in Exhibit A or Exhibit B to liens, encumbrances and other burdens, if any, shall not be deemed to recognize or create any rights in third parties.

**Section 7.11. Notices.** Unless otherwise specifically provided herein, all notices, requests and demands to be made hereunder to the parties herein shall be in writing and shall be (a) delivered by hand, or (b) sent by registered or certified U.S. mail, return receipt requested, through the United States Postal Service or (c) transmitted by prepaid telecopy or telex, to the addresses shown below or such other address which the parties may provide to one another in accordance herewith. Unless otherwise expressly provided herein, such notices, requests and demands, if sent by mail, shall be deemed given four (4) business days after deposit in the United States mails; if delivered by hand, shall be deemed given when delivered; and if sent by telecopy or telex, shall be deemed given upon receipt.

To Secured Party: W. R. Grace & Co.  
One Town Center Road  
Boca Raton, Florida 33486  
Attention: Treasurer

To Debtor: The Restaurant Enterprises  
Group, Inc.  
1 Park Plaza, Jamboree Center  
Suite 900  
Irvine, California 92714  
Attention: Mr. Michael Malanga

With a copy to:

The Restaurant Enterprises  
Group, Inc.  
1 Park Plaza, Jamboree Center  
Suite 900  
Irvine, California 92714  
Attention: Mr. Henry Baray

**Section 7.12. Successors and Assigns.** This Instrument shall bind and inure to the benefit of the respective successors and assigns of Debtor and of Secured Party. As used herein, the term "Secured Party" shall mean, at any particular time, any person, corporation, partnership, trust, estate or other entity holding any interest of Secured Party hereunder at that time. Any waiver, consent, approval, notification or other action required or permitted to be obtained from or taken by Secured Party may be obtained from or taken by the agent or agents of Secured Party appointed from time to time for that purpose. Secured Party, if more than one person or entity, may, by agreement among such persons or entities, provide for and regulate the exercise of their rights and remedies hereunder, but, unless and until modified to the contrary in writing by such persons or entities, Debtor and all others shall be entitled to rely on the waivers, consents, approvals, notifications and other acts of such agent, without inquiry into any such agreements or the existence of required consents or approvals of Secured Party therefor. As of the date of this Instrument, Secured Party is the person identified as Secured Party in the introductory paragraph of this Instrument. As used herein, the term "person" shall include any individual, corporation, partnership, joint venture, agency or other form of entity or association. Notwithstanding any other provision contained herein, if any property interest granted by this Instrument does not vest on the execution and delivery of this Instrument, it shall vest, if at all, no later than 20 years and 364 days after the death of the last surviving descendant of Joseph P. Kennedy (the late father of the former President of the United States) who is alive on the execution and delivery of this Instrument.

**Section 7.13. Fixture Filing Financing Statements.** Some of the above goods are or are to become fixtures on the Premises. This Instrument shall be effective as a financing statement filed as a fixture filing with respect to all fixtures included in the Collateral and is to be filed for record in, among other places, the real estate records of each county and each parish in which the affected real estate is located; to wit, all of those listed in Exhibit A. Debtor is the owner of a record interest in the Fee Land. The mailing address of Debtor and the address of Secured Party from which information concerning the security interest may be obtained are as set forth above.

**Section 7.14. Captions.** The captions or headings at the beginning of Articles and Sections hereof are for the convenience of the parties and are not a part of this Instrument.

**Section 7.15. Attorneys' Fees.** If the Obligations are not paid when due or if any Event of Default occurs, Debtor promises to pay all costs of enforcement and collection, including but not limited to, reasonable attorneys' fees and costs, including those of paralegals, whether or not such enforcement and collection includes the filing of a lawsuit.

**Section 7.16. Loan Statement Fees.** Debtor shall pay the amount demanded by Secured Party or its authorized loan servicing agent for any statement regarding the obligations secured hereby; provided, however, that such amount may not

exceed the maximum amount allowed by law at the time request for the statement is made.

**Section 7.17. No Merger of Lease.** If both the lessor's and lessee's estate under any lease, including, without limitation, any Parking Lease, or any portion thereof which constitutes a part of the Collateral shall at any time become vested in one owner, this Instrument and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger unless Secured Party so elects as evidenced by recording a written declaration so stating and, unless and until Secured Party so elects, Secured Party shall continue to have and enjoy all of the rights and privileges of Secured Party as to the separate estates. In addition, upon the foreclosure of the lien created by this Instrument on the Collateral pursuant to the provisions hereof, any leases or subleases then existing and affecting all or any portion of the Collateral shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Secured Party or any purchaser at such foreclosure shall so elect. No act by or on behalf of Secured Party or any such purchaser shall constitute a termination of any lease or sublease unless Secured Party or such purchaser shall give written notice thereof to such tenant or subtenant.

**Section 7.18. Nonforeign Entity.** Section 1445 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform Secured Party that the withholding of tax will not be required in the event of the disposition of the Premises, or any portion thereof, pursuant to the terms of this Instrument, Debtor hereby certifies, under penalty of perjury, that:

(a) Debtor is not a foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Internal Revenue Code and the regulations promulgated thereunder; and

(b) Debtor's U.S. employer identification number is 33-0197059; and

(c) Debtor's principal place of business is 1 Park Plaza, Jamboree Center, Suite 900, Irvine, California 92714.

It is understood that Secured Party may disclose the contents of this certification to the Internal Revenue Service and that any false statement contained herein could be punished by fine, imprisonment or both. Debtor covenants and agrees to execute such further certificates, which shall be signed under penalty of perjury, as Secured Party shall reasonably require. The covenant set forth herein shall survive the foreclosure of the lien of this Instrument or acceptance of a deed in lieu thereof.

**Section 7.19. Interpretation.** In this Instrument the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

**Section 7.20. Relationship of Parties.** The relationship between Debtor and Secured Party is that of borrower and lender only as to the relationship of the parties under the Obligation Documents and neither Debtor nor Secured Party is, nor shall it hold itself out to be, the agent, employee, joint venturer or partner of the other.

**Section 7.21. Purpose of Instrument.** Debtor hereby represents and agrees that this Instrument is being delivered,

and the Obligations secured hereby, for business or commercial purposes and not for personal, family, residential leasehold or agricultural purposes.

**Section 7.22. Substitution of Collateral.** Tenant may elect to substitute other real and personal property collateral (the "Substitute Collateral") for the Collateral securing Debtor's obligations under this Instrument and Secured Party covenants and agrees to release the lien of this Instrument with respect to any Collateral for which Secured Party has received Substitute Collateral, provided, that, (i) the book value of such Substitute Collateral, as reasonably determined by Secured Party, shall be equal to or greater than the book value of the Collateral as set forth on Exhibit A attached hereto, (ii) the Substitute Collateral is approved by Secured Party, in its reasonable discretion, (iii) good and marketable title, as reasonably approved by Secured Party, to the Substitute Collateral is held by Debtor, (iv) at Debtor's expense, the Substitute Collateral shall be encumbered by an instrument similar to this Instrument and/or such other documents as reasonably requested by Secured Party and Secured Party shall receive a preliminary title report, from a title company acceptable to Secured Party, with respect to the Substitute Collateral. In the event Debtor elects to substitute collateral for the Collateral, Debtor and Secured Party will negotiate commercially reasonable terms of the substitution in good faith and Debtor shall pay Secured Party's reasonable costs in connection with the substitution of such collateral, including attorneys' fees and costs.

**Section 7.23. Release of Lien.** Debtor shall be entitled to obtain the release and termination of the security interests and liens created by or pursuant to this Instrument upon the payment to Secured Party of the sums required by, and the compliance with such other conditions as may be set forth in, the Facility Agreement or other Facility Documents with respect to the release and termination of such security interests and liens.

**Section 7.24. Advances by Secured Party.** Notwithstanding anything to the contrary contained herein, Secured Party shall give Debtor fifteen (15) days prior notice before making any expenditures which may be added to the Obligations secured hereby unless expenditures before the expiration of the fifteen (15) day notice period are necessary in order to protect Secured Party's lien on the Collateral, in which event Secured Party may, but shall not be obligated to, pay the same.

**Section 7.25. As to Collateral Located in Indiana.**

(a) This Instrument shall constitute a security agreement and continuously perfected fixture filing and financing statement. The Debtor hereby authorizes the Secured Party to execute, deliver, file or refile, without joinder of the Debtor, any financing statement, continuation statement, or other instruments the Secured Party may reasonably require from time to time to perfect or renew such security interest under the Uniform Commercial Code.

(b) Each of the remedies set forth herein, including without limitation the remedies involving a power of sale on the part of the Secured Party and the right of Secured Party to exercise self-help in connection with the enforcement of the terms of this Instrument, shall be exercisable if, and to the extent, permitted by the laws of the State of Indiana in force at the time of the exercise of such remedies without regard to the enforceability of such remedies at the time of the execution and delivery of this Instrument.



IN WITNESS WHEREOF, Debtor has on the date set forth in the acknowledgements hereto, effective as of the date first above written, caused this Instrument to be duly EXECUTED, SEALED AND DELIVERED.

**DEBTOR:**

**EL TORITO RESTAURANTS, INC.,**  
a Delaware corporation,

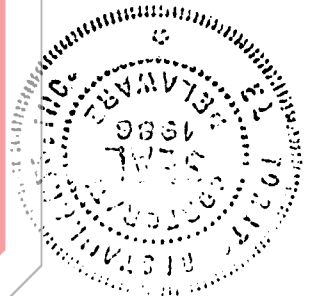
By: Edward T. Bartholmey  
Printed Name: Edward T. Bartholmey  
Its: Vice President

By: Rhoda Rosenthal  
Printed Name: Rhoda Rosenthal  
Its: Asst. Secretary

**Document is  
NOT OFFICIAL!**

This instrument was prepared by Lorie Soares Griffen, Esq.  
the Lake County Recorder!

**STOP**



state of California )  
county of Orange )

On February 6, 1992, before me, the undersigned, a Notary Public in and for said State, personally appeared Edward T. Bartholomy, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Vice President, and Rhoda Rosenthal, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Asst. Secretary, of El Torito Restaurants, Inc., a Delaware corporation and the corporation that executed the within instrument, and acknowledged to me that said corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.



OFFICIAL NOTARY SEAL  
ANN GILBERTSEN  
Notary Public - California  
ORANGE COUNTY  
My Comm. Expires JUL 15, 1994

**Document is NOT OFFICIAL!**

**This document is the property of the Lake County Recorder!**

Printed Name: Ann Gilbertsen  
Notary Public

My Commission Expires: July 15, 1994

(NOTARIAL SEAL)



LEGAL DESCRIPTION

FEE LAND

The following is described Real Estate in Lake County in the State of Indiana, to-wit:

Part of Lot 1, West Lake Plaza, in the Town of Merrillville as the same appears of record in Plat Book 47, Page 77, and as amended by Certificate of Correction recorded as Document Nos. 422236, 422237 and 425494 in the office of the recorder of Lake County, Indiana, described as follows:

Beginning at a point on the north right-of-way line of Plaza Drive, said point lying 720.00 feet West (measured perpendicularly) of the East line of said Lot 1 (West right-of-way line of Mississippi Street) thence South 86 degrees 51'45" West along said North right-of-way line, 38.18 feet; thence continuing along said North right-of-way line along a circular curve which is convex to the Northwest whose radius = 180.00 feet, tangent = 105.68 feet, deflection angle = 60 degrees 50'02" a distance of 191.12 feet along said curve, thence North 63 degrees 58'17" West, 87.78 feet; thence North 00 degrees 00'00" East, 395.88 feet to the Northerly line of said Lot 1 (southerly line of the I-65 Exit Ramp); thence Easterly along said Northerly line of Lot 1, along a circular curve which is convex to the North whose radius = 1722.27 feet, tangent = 39.06 feet, deflection angle = 06 degrees 11'29" a distance of 78.05 feet, along said curve, thence continuing along said Northerly line, North 86 degrees 51'45" East, 91.74 feet; thence South 00 degrees 00'00" West 72.00 feet; thence North 86 degrees 51'45" East, parallel with said North line, 100.00 feet; thence South 00 degrees 00'00" West, 278.53 feet to the Point of Beginning.



Book Value: \$1,286,000

#203  
1446 East 82nd Avenue  
Merrillville, Indiana 46410

Exhibit B:

Parking Leases:

NONE



Exhibit C

Permitted Encumbrances

The lien of real property taxes due for the current tax year but not yet payable.

No other Permitted Encumbrances.

